



June 17, 2003

**SUBJECT: Adoption of Fiscal Year 2003/2004 Budget for the
Redevelopment Agency of the City of Sunnyvale****REPORT IN BRIEF**

The Sunnyvale Redevelopment Agency (Agency) is required to adopt an annual budget. It is recommended that the Agency adopt the Fiscal Year 2003/2004 budget as shown in this report.

DISCUSSION

The Redevelopment Agency was established under the provisions of the community redevelopment laws of the State of California by a resolution of the City Council adopted on November 19, 1957. In this resolution, the City Council declared itself to be the governing members of the Agency.

The Redevelopment Agency Fund accounts for activities of the Redevelopment Project Area, which is primarily the downtown area. This fund accounts for debt service, capital projects, low-and-moderate-income housing, and general activities of the Agency. Capital projects can be long-term in nature and are often carried over to the next fiscal year. Certain transfers are made into the General Fund for repayment of the Agency's debt. Calculations for this repayment are dependent on the Agency's available resources at the end of the fiscal year, and therefore may differ from budgeted amounts.

FY 2003/2004 Recommended Budget

Sources of revenue for the FY 2003/2004 Recommended Budget are highlighted below:

Revenue	Redevelopment Fund
Property Taxes	\$2,955,783
Interest Income	127,958
Rents and Concessions	1,216,678
Total	\$ 4,300,419

The Rents and Concessions revenue is received from the City of Sunnyvale, for the Sunnyvale Town Center parking structure lease agreement which was signed on May 1, 1977. The lease, as amended, requires the City to pay to the Agency base rental payments on October 1 and April 1 of each year until October 1, 2022. In addition to base rental payments, the City is also obligated to pay all taxes, assessments, administrative costs, certain insurance premiums, certain maintenance costs, and all other such costs in order to maintain the existence of the parking structure or to comply with the terms of the related bond resolutions.

The Agency's expenditure budget consists of one fund and one operating program. Detailed below are the proposed budget for expenditures:

Expenditure	Redevelopment Fund
Operating	\$718,827
Debt Service	1,887,021
Repayment to City	1,030,894
Capital Projects	31,620
<u>Transfers Out to General Fund</u>	<u>27,318</u>
Total	\$ 3,695,680

The operating budget is for the Economic Prosperity Program, which supports the economic development activities of the City. The program service delivery plans include promoting retail, hospitality, office and industrial businesses, developing working relationships with the business community, improving the physical appearance and stimulating the economic activity within downtown. The FY 2003/2004 budget includes the City Manager's recommended reduction of \$45,450. The long term financial plan includes an additional reduction of \$62,628 starting FY 2004/2005. These reductions will result in a significant decrease in consultant funds for marketing and "Shop Sunnyvale" advertising.

The debt service consists of the 1998 Parking Facility Refunding and the Central Core Redevelopment Project Tax Allocation Bonds. The repayment to City is for costs advanced to the Agency to cover base rental for the Sunnyvale Town Center parking structure plus 8% interest, operating and project expenditures. The funds needed to repay the City are generated from tax increment revenues. The remaining tax increment revenues determine each

year's repayment to the General Fund after paying the debt service. While not reflected in the FY 2003/2004 budget, it should be noted that the General Fund also advanced \$1,500,000 to the Agency to fund downtown public improvements in FY 2001/2002. This advance bears 6% interest and is payable in annual installments starting in FY 2005/2006 through FY 2008/2009.

The capital project budget provides for the periodic structural evaluation and maintenance of the Sunnyvale Town Center Parking Structure. The Town Center Parking Structure is a 500,000 square foot facility that provides approximately 1200 elevated parking spaces with another 1200 spaces at ground level. The structural maintenance of the facility, which was built by the original developers of Sunnyvale Town Center in 1978, is the responsibility of the City of Sunnyvale. Due to the current structural issues, this project budget does not have adequate funds for the potential closure or demolition of the structure. Staff will come back to Council after the costs are more fully defined.

The transfers out to General Fund covers the administrative time spent on RDA matters by the Agency Treasurer/Director of Finance.

The proposed expenditures detailed in this report are slightly different from the recommended budget submitted on May 13, 2003. This is due to a more accurate reflection of the recommended reductions over a two-year period. In addition, the recommended budget includes anticipated carryover funds for the Downtown Public Improvements project.

The FY 2003/2004 Redevelopment Agency Budget Adoption Resolution is included in Attachment A of this Report to Council.

FISCAL IMPACT

Adoption of a budget for the Redevelopment Agency for Fiscal Year 2003/2004 will authorize appropriate expenditures to be made.

PUBLIC CONTACT

Public contact was made through posting of the Council agenda on the City's official notice bulletin board, posting of the agenda and report on the City's web page, and the availability of the report in the Library and the City Clerk's Office.

ALTERNATIVES

- A. Adopt the budget as recommended above.
- B. Adopt the budget in an amount other than recommended.

RECOMMENDATION

It is recommended that the Agency adopt Alternative A.

Prepared by:

/s/CHARLENE SUN

Charlene Sun
Budget Analyst

Reviewed by:

/s/GRACE KIM

Grace Kim
Finance Manager/Budget

Reviewed by:

/s/MARY J. BRADLEY

Mary J. Bradley
Agency Treasurer

Approved by:

/s/ROBERT S. LASALA

Robert S. LaSala
Executive Director-Secretary

Attachments

A. FY 2003/2004 Redevelopment Agency Budget Adoption Resolution

RESOLUTION NO. 100-03 RA

**A RESOLUTION OF THE REDEVELOPMENT AGENCY OF
THE CITY OF SUNNYVALE ADOPTING THE BUDGET OF
THE REDEVELOPMENT AGENCY FOR THE FISCAL YEAR
JULY 1, 2003 TO JUNE 30, 2004**

WHEREAS, the proposed budget of the Redevelopment Agency of the City of Sunnyvale for the fiscal year 2003-04 was prepared and submitted to the Redevelopment Agency by the Executive Director on May 13, 2003;

NOW, THEREFORE, BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SUNNYVALE THAT:

1. The budget of the Redevelopment Agency of the City of Sunnyvale for the fiscal year beginning on July 1, 2003, and ending on June 30, 2004, as submitted to the Redevelopment Agency by the Executive Director on May 13, 2003 is hereby approved and adopted as the budget of the Redevelopment Agency for the fiscal year 2003-04.

2. A copy of the budget hereby adopted, certified by the Secretary of the Redevelopment Agency, shall be filed with the Executive Director or designated representative. Copies of the certified budget shall be made available for the use of departments, offices and agencies of the Redevelopment Agency of the City of Sunnyvale.

Adopted by the Redevelopment Agency of the City of Sunnyvale at a regular meeting held on June 17, 2003, by the following vote:

AYES: VALERIO, VORREITER, RISCH, WALKER, FOWLER, HOWE, MILLER
NOES: NONE
ABSENT: NONE

ATTEST:

/s/SUSAN KITCHENS
Clerk, Redevelopment Agency
(SEAL)

APPROVED:

/s/JULIA E. MILLER
Chair, Redevelopment Agency